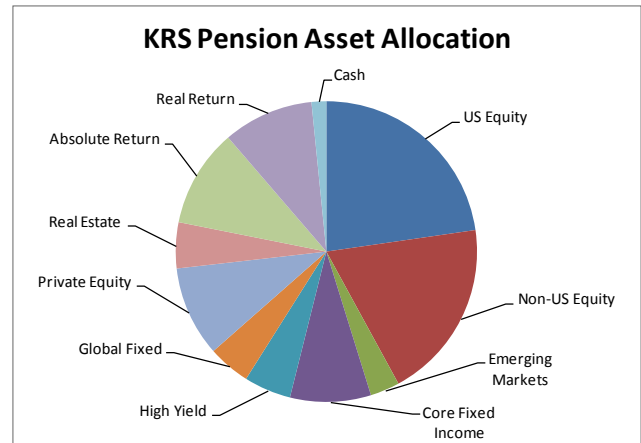


What's going on in the marketplace?

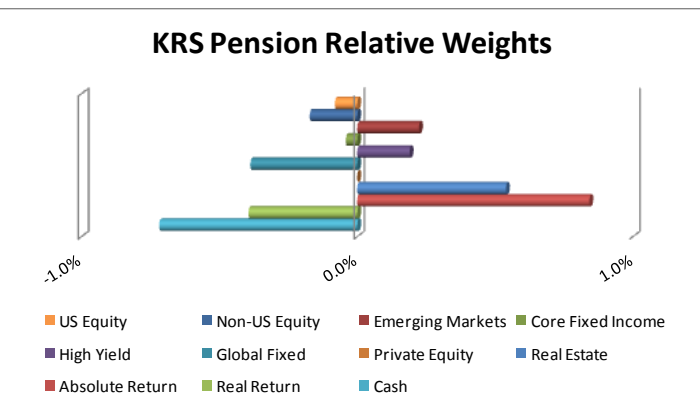
Global Equities struggled during March as both developed and emerging markets showed signs of weakness driven by investor concerns about slowing global growth. Large cap U.S. equities fared the worst from a domestic standpoint, detracting -2.34% for the month (S&P 500 Index). Within U.S. Equity, performance improved as you moved down the cap spectrum with U.S. Midcap stocks earning 0.42% (S&P 400 Midcap Index), and U.S. Small cap stocks earning 0.82% (Russell 2000 Index).

Outside of the United States, equity performance struggled to maintain ground as well. The MSCI ACWI ex U.S. index detracted -1.45% return for the month and the MSCI Emerging Market Index detracted -1.35% during the same period. In short, global equities performed poorly for the month, with some sub-sectors of U.S. equities holding ground.

The Fixed Income market saw modest gains through the month of March; this was primarily due to an increase in Treasury prices that slightly offset the decline in high yield offerings. The dollar continued to strengthen through the period, maintaining its upward trajectory from 2014. The appreciation of the greenback against the euro increased the prices of American exports, therefore hindering domestic earnings for global corporations.



	March	1-Yr	3-Yr	5-Yr	10-Yr
Total Fund	0.05	4.78	8.55	8.05	6.24
Benchmark	0.11	6.06	9.17	8.48	6.44



What added value this month?

PENSION – From an absolute standpoint, the pension portfolio had positive performance for the month; from a relative standpoint, however, the portfolio trailed the benchmark by -0.06%. The best absolute performers came from the Real Estate (2.41%), Absolute Return (2.14%), and Fixed Income (0.23%) asset classes. From a relative performance standpoint, the strongest asset classes were U.S. Public Equity (which outperformed the benchmark by 0.34%) and Absolute Return (which outperformed the benchmark by 0.23%). In total, within the Pension portfolio, four asset classes showed positive monthly performance from an absolute standpoint.

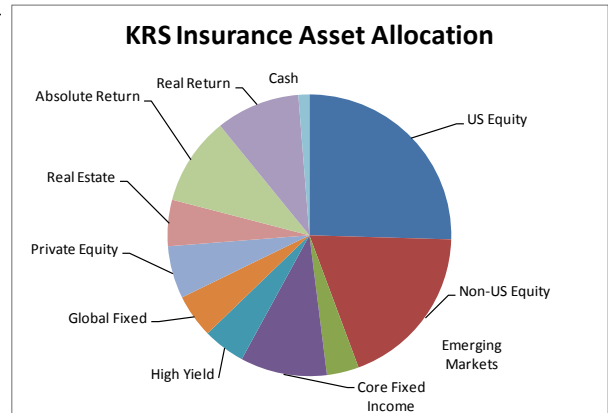
From an allocation standpoint, KRS benefited from being underweight U.S. equities due to their underperformance in March. Likewise, it was beneficial for KRS to be underweight the Real Return asset class. Overweighting the Absolute Return portfolio added value, offering downside protection against poorly performing benchmarks. Overall, the pension portfolio returned 0.05% for the month of March.

INSURANCE – From an absolute value standpoint, the insurance portfolio had positive performance for March. Relative to the benchmark, however, these portfolios underperformed, trailing by 33 basis points. Returns from an absolute perspective were highest in the Real Estate (2.23%), Absolute Return (2.14%), and Fixed Income (0.20%) asset classes. Returns relative to the benchmark were highest within U.S. Equity (which outperformed the benchmark by 0.36%), and Absolute Return (which outperformed the benchmark by 0.23%). Overall, the Insurance portfolio returned 0.06% for the

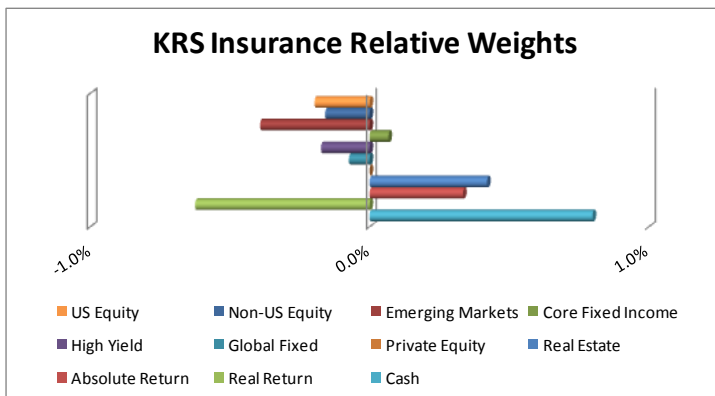
month of March. In total, the insurance portfolio, like the pension portfolio, had four asset classes with positive monthly performance from an absolute perspective.

What detracted this month?

PENSION – From a manager selection standpoint, the largest detracting asset class was Fixed Income, which lagged behind its benchmark by 18 basis points. Within U.S. Equity, the Sasco Capital portfolio struggled relative to its benchmark, falling short by 124 basis points. From an allocation standpoint, the portfolio suffered from being underweight Fixed Income, which experienced positive absolute performance for the month. The portfolio also suffered from being overweight Emerging Markets, which had a negative performing month. In total, the pension portfolio had two asset classes that performed negatively from an absolute standpoint, and three asset classes that performed negative from a relative standpoint.



	March	1-Yr	3-Yr	5-Yr	10-Yr
Total Fund	0.06	4.77	8.03	7.40	5.62
Benchmark	0.39	6.66	9.21	8.77	6.06



INSURANCE – Similar to the Pension portfolio, from a manager selection perspective, the asset class that detracted the most from performance was the Fixed Income portfolio, which lagged behind its benchmark by 21 basis points and had a negative return for the month. Within U.S. Equity, the Sasco Capital portfolio struggled relative to its benchmark. From an allocation standpoint, the portfolio suffered from being

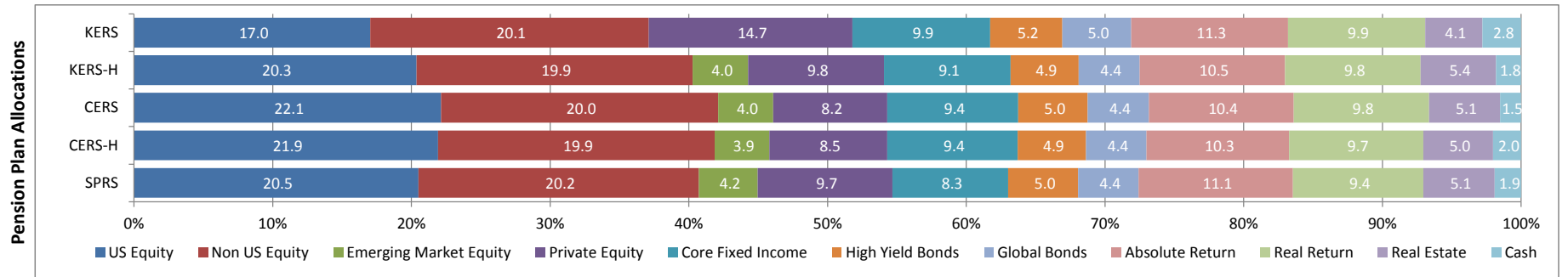
underweight Fixed Income, which had a positive absolute performance for the month. In total, the Insurance portfolio, like the Pension portfolio, had two asset classes that performed negatively from an absolute perspective, and three asset classes that struggled from a relative perspective.

NOTES:

- Returns displayed are “net”. For the purposes of this report, total fund return information is net of fees and expenses, with audited data beginning in July 2011. At the manager level (detailed return sheets pgs.4-5), returns are net of fees beginning with July 2011, and gross of fees for prior data.
- Individual plan allocation and performance (pg.6).
- Prior to January 1, 2014, the inception date for the Private Equity asset class was stated as 10/1/1990 for Pension Fund and 6/1/2001 for Insurance Fund. Prior to 07/01/02, the characteristics of the allocation, and the benchmark itself, were more closely aligned with Real Estate. As such, it is not appropriate to report this portion of the return stream within the Private Equity allocation, whose true inception date has been determined to be 07/01/02 based on funding the Systems’ first private equity mandate. The portion of the original return streams that are no longer reported within the Private Equity allocation (Pension from 10/1/90 to 06/30/02; Insurance 06/01/01 to 06/30/02) are reported within the Fund Level performance figures.

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|--|--|
| 4) Private Equity Composite (Pension)
Inception (07/01/02) to 06/30/11
60.00% S&P 1500 Composite Index
40.00% Barclays US Corporate High Yield Index
07/01/11 to Present
100.00% Russell 3000 Index + 4% (Qtr Lag) | Private Equity Composite (Insurance)
Inception (07/01/02) to 06/30/11
80.00% S&P 1500 Composite Index
20.00% Barclays US Corporate High Yield Index
07/01/11 to Present
100.00% Russell 3000 Index + 4% (Qtr Lag) |
| 5) The Private Equity Benchmark, from one month returns up until five year returns, is equal to the performance of the KRS Private Equity allocation. Given there is not appropriate benchmark to use for short term performance evaluation, this will allow greater focus on longer term returns, which is more appropriate given the long term nature of private equity investments. | |

KENTUCKY RETIREMENT SYSTEMS - PENSION & INSURANCE - PLAN PERFORMANCE & ALLOCATION - 03/31/15



KRS - PENSION

	Month	FYTD	1 YR	3 YR	5 YR	10 YR	ITD
KERS	0.03	1.32	4.83	8.58	8.07	6.25	9.40
KY Ret. KERS Plan	0.17	1.82	5.27	8.99	8.37	6.39	9.53
KERS- H	0.08	1.04	4.65	8.53	8.04	6.24	9.39
KY Ret. KERS Haz	-0.01	1.59	5.28	9.03	8.40	6.40	9.53
CERS	0.05	1.16	4.78	8.54	8.05	6.24	9.40
KY Ret. CERS Plan	-0.07	1.58	5.28	9.03	8.40	6.40	9.53
CERS- H	0.08	1.18	4.81	8.53	8.04	6.24	9.39
KY Ret. CERS Haz	-0.06	1.58	5.29	9.04	8.40	6.40	9.53
SPRS	0.00	1.04	4.61	8.53	8.04	6.23	9.39
KY Ret. SPRS Plan	-0.02	1.54	5.21	9.00	8.38	6.39	9.53

KRS - INSURANCE

	Month	FYTD	1 YR	3 YR	5 YR	10 YR	ITD
KERS INS	-0.14	0.95	4.46	7.76	7.24	5.54	7.49
KY Ins. KERS Plan Inde	-0.07	1.85	5.63	8.96	8.62	5.99	7.93
KERS - H INS	0.03	1.21	4.77	8.10	7.45	5.64	7.53
KY Ins. KERS Haz Plan	-0.01	1.91	5.70	8.99	8.64	6.00	7.93
CERS INS	0.10	1.29	4.86	8.09	7.44	5.64	7.53
KY Ins. CERS Plan Inde	0.05	1.96	5.75	9.01	8.65	6.00	7.93
CERS - H INS	0.12	1.28	4.86	8.08	7.44	5.64	7.52
KY Ins. CERS Haz Plan	0.06	1.96	5.76	9.01	8.65	6.01	7.93
SPRS INS	0.10	1.22	4.75	8.07	7.43	5.63	7.52
KY Ins. SPRS Plan Inde	0.09	1.99	5.78	9.02	8.65	6.01	7.93

